



May 4, 2018

Three-month interim report (Q1) 2018

Performance for the period (unaudited)

Financial results in Q1 were better than expected and as a result, ALK has improved its full-year financial outlook. Q1 saw good progress with ALK's four strategic priorities which were announced in December 2017. These aim to transform ALK into a broader-based allergy company while also driving strong tablet sales growth.

Q1 2018 highlights:

- | Total revenue was DKK 752 million (789) with strong tablet growth somewhat mitigating the planned lower sales from other products. Exchange rate developments reduced reported revenue by ~DKK 25 million.
- | Global tablet sales grew by 22% to DKK 168 million (140), driven by ACARIZAX[®] and GRAZAX[®] sales in Europe.
- | Global SCIT/SLIT-drops sales were down 7% in local currencies and 9% in reported currencies to DKK 490 million (539). The decline was largely attributable to planned portfolio rationalisation measures and the ongoing effect of the previous manufacturing capacity constraints as announced in the strategy plan.
- | Operating profit (EBITDA) was DKK 92 million (140) and was ahead of expectations. Earnings benefited from higher than expected revenue and the faster than expected capture of operational efficiencies and savings.
- | Free cash flow was an outflow of DKK 75 million (outflow of 206) and was also better than anticipated.
- | At the end of Q1, cash and marketable securities stood at DKK 619 million. In addition, ALK extended its financial resources with a DKK 600 million credit facility which runs until the end of 2022.

Progress on the four strategic priorities

- | The ODACTRA[™] roll-out in the USA is progressing as planned, although actual sales levels are still modest in this early phase of the introduction.
- | ACARIZAX[®] had a strong launch in France, and approval for use in children was obtained in Japan, where the product is marketed as MITICURE[™].
- | Patient engagement and consumer care activities are progressing well and a key pilot project in Germany — called klarify.me — has been launched as a first step towards expanding ALK's overall presence in allergy.
- | The drive to improve operational efficiency is delivering results. In product supply, improvements to quality, delivery and production efficiency are being introduced alongside work to trim the portfolio. As these efforts take effect and robustness also improves, inventories are set to return to normal during 2018.

2018 financial outlook

Full-year outlook has slightly improved compared with the 2017 Annual Report, which was released on 6 February 2018:

- | Full-year revenue is now projected to be more than DKK 2.7 billion (previously approximately DKK 2.7 billion).
- | Operating profit (EBITDA) is now expected at around DKK 0 (previously minus DKK 50 million), mainly reflecting improved operational efficiencies and the better than expected performance in Q1. The earnings outlook still reflects significant business investments associated with the transformation of ALK in accordance with the new growth strategy.
- | Free cash flow is now expected at minus DKK 600 million or better (previously approximately minus DKK 600 million).

Hørsholm, 4 May 2018

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Today, ALK is hosting a conference call for analysts and investors at 1.30 p.m. (CEST) at which Management will review the financial results and the outlook. The conference call will be audio cast on <http://ir.alk.net/>. Participants for the audio cast are kindly requested to call in before 1.25 p.m. (CEST). Danish participants should call in on tel. +45 7022 3500 and international participants should call in on tel. +44 (0) 20 7572 1187 or +1 646 722 4972. Please use the Participant Pin Code: 10896542#. The conference call will also be webcast live on our website, where the related presentation will be made available shortly before the call begins.

Attachment

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